

2001



Department of the Treasury
Internal Revenue Service

Instructions for Form 5500-EZ

Annual Return of One-Participant (Owners and Their Spouses) Retirement Plan

Section references are to the Internal Revenue Code unless otherwise noted.

Changes To Note for 2001

- A new address is established for filers who use the United States mail and file using floppy disc, CD-ROM, or tape. See **Where To File** on page 2.
- An additional checkbox is added to Line 6 to identify defined benefit plans described in section 412(i).
- Additional Business Activity Codes are added for line 2d of the Form 5500-EZ: Code **813930** for Labor Unions and Similar Labor Organizations, and Code **921000** for Governmental Instrumentality or Agency. See instructions for line 2d on page 4.

EFAST Filing System

Under the computerized ERISA Filing Acceptance System (EFAST), you can choose between two computer scannable forms to complete and file your 2001 Form 5500-EZ: "machine print" and "hand print." Machine print forms are completed using computer software from EFAST approved vendors and can be filed electronically or by mail (including certain private delivery services). Hand print forms may be completed by hand, typewriter or by using computer software from EFAST approved vendors. Hand print forms can be filed by mail (including certain private delivery services); however they **cannot** be filed electronically. For more information, see the instructions for **How To File** on page 2.

EFAST Filing Tips

To reduce the possibility of correspondence and penalties, we remind filers that:

- Paper forms must be obtained from the IRS or printed using software from an EFAST approved software developer.
- Filings using photocopies of the computer scannable forms and schedules may be returned or cause correspondence requiring additional information.
- All information should be in the specific fields or boxes provided on the forms and schedules. Information entered outside of the fields or boxes may not be processed.
- Do not use felt tip pens or other writing instruments that can cause signatures or data to bleed through to the other side of the paper. One-sided documents should have no markings on the blank side.
- Paper should be clean without glue or other sticky substances.
- Do not staple the forms. Use binder clips or other fasteners that do not perforate the paper.
- Do not submit extraneous material or information, such as arrows used to indicate where to sign, notes between preparers of the report, notations on the form, e.g., "DOL copy," etc.
- Manual entries on the machine print forms are not permitted.
- Do not attach or send any payments to EFAST.

Telephone Assistance

If you need assistance completing this form, want to confirm the receipt of forms you submitted, or have related questions, call

the EFAST Help Line at 1-866-463-3278 (toll-free) and follow the directions as prompted. The EFAST Help Line is available Monday through Friday from 8:00 am to 8:00 pm, Eastern Time.

How To Get Forms and Publications

Personal computer

You can access the IRS's Internet Web Site 24 hours a day, 7 days a week at **www.irs.gov** to:

- View forms, instructions, and publications.
- See answers to frequently asked tax questions.
- Search publications on-line by topic or keyword.
- Send comments or request help by e-mail.
- Sign up to receive local and national tax news by e-mail.

By phone and in person.

You can order forms and IRS publications 24 hours a day, 7 days a week, by calling **1-800-TAX-FORM** (1-800-829-3676). You can order PWBA publications by calling **1-800-998-7542**. In addition, most IRS forms and publications are available at your local IRS office.

General Instructions

Purpose of Form

Form 5500-EZ is a simpler form that you can use if you have a one-participant retirement plan and you meet the five conditions listed under **Who May File Form 5500-EZ**. If you do not meet the five conditions, see **Form 5500**, Return/Report of Employee Benefit Plan, for reporting requirements.

Retirement plans can be either defined contribution plans (which include profit-sharing plans, money purchase pension plans, stock bonus plans, and employee stock ownership plans (ESOPs)) or defined benefit pension plans.

Who May File Form 5500-EZ

You may file Form 5500-EZ instead of Form 5500 if you meet **ALL** of the following conditions:

1. The plan is a one-participant plan. This means that as of the first day of the plan year for which this form is filed, either:
 - a. The plan only covers you (or you and your spouse) and you (or you and your spouse) own the entire business. (The business may be incorporated or unincorporated); **OR**
 - b. The plan only covers one or more partners (or partner(s) and spouse(s)) in a business partnership.
2. The plan meets the minimum coverage requirements of section 410(b) without being combined with any other plan you may have that covers other employees of your business. See the instructions for line 14c for more information.
3. The plan does not provide benefits for anyone except you, or you and your spouse, or one or more partners and their spouses.
4. The plan does not cover a business that is a member of:
 - a. An affiliated service group,
 - b. A controlled group of corporations, or

c. A group of businesses under common control.
5. The plan does not cover a business that leases employees. For an explanation of the technical terms above, see **Definitions** on page 3.

If you do not meet all five of the conditions listed above, file Form 5500 instead of Form 5500-EZ. If you meet all five of the conditions, read **Who May Not Have To File**.

Who May Not Have To File

You do not have to file Form 5500-EZ (or Form 5500) for 2001 if you meet the five conditions above and the plan does not have an Accumulated Funding Deficiency (as defined in section 412(a)(2)) for the plan year, **AND**

You have a one-participant plan that had total plan assets of \$100,000 or less at the end of every plan year beginning on or after January 1, 1994, **OR**

You have two or more one-participant plans that together had total plan assets of \$100,000 or less at the end of every plan year beginning on or after January 1, 1994.

Example. If plan assets in a plan that otherwise satisfies the requirements for filing the Form 5500-EZ totaled \$110,000 at the end of the 2000 plan year, and a distribution occurred in 2001 so that total plan assets were \$85,000 at the end of the 2001 plan year, a Form 5500-EZ must be filed for the 2001 plan year and for all following years because plan assets in the prior year exceeded \$100,000.

Note. All one-participant plans **must** file a Form 5500-EZ for their **final** plan year even if the total plan assets have always been less than \$100,000. The final plan year is the year in which distribution of all plan assets is completed. Check the "final return" box at the top of Form 5500-EZ if all assets under the plan(s) (including insurance/annuity contracts) have been distributed to the participants and beneficiaries or distributed to another plan.

What To File

One-participant retirement plans that are required to file should complete and file Form 5500-EZ for the first year that it is required to be filed and for every plan year thereafter.

When To File

File the 2001 return for plan years that started in 2001. All required forms, schedules, statements, and attachments must be filed by the last day of the 7th calendar month after the end of the plan year that began in 2001 (not to exceed 12 months in length).

Note. If the filing due date falls on a Saturday, Sunday, or Federal holiday, the return may be filed on the next day that is not a Saturday, Sunday, or Federal holiday.

Private Delivery Service

You can use certain private delivery services designated by the IRS to meet the "timely mailing as timely filing/paying" rule for tax returns and payments. The most recent list of designated private delivery services was published by the IRS in October 2001 and includes only the following:

- Airborne Express (Airborne): Overnight Air Express Service, Next Afternoon Service, Second Day Service.
- DHL Worldwide Express (DHL): DHL "Same Day" Service, DHL USA Overnight.
- Federal Express (FedEx): FedEx Priority Overnight, FedEx Standard Overnight, FedEx 2Day.
- United Parcel Service (UPS): UPS Next Day Air, UPS Next Day Air Saver, UPS 2nd Day Air, UPS 2nd Day Air A.M., UPS Worldwide Express Plus, and UPS Worldwide Express.

The private delivery service can tell you how to get written proof of the mailing date. See **Where To File** for the street address, when using a private delivery service.

Extension of Time To File

A one-time extension of time to file Form 5500-EZ (up to 2½ months) may be obtained by filing **Form 5558**, Application for Extension of Time To File Certain Employee Plan Returns, on or before the normal due date (not including any extensions) of the return. You **must** file Form 5558 with the IRS.

Approved copies of the Form 5558 will not be returned to the filer. However, a photocopy of the extension request that was filed must be attached to the Form 5500-EZ.

File Form 5558 with the Internal Revenue Service Center, Ogden, UT 84201-0027.

Exception. One-participant plans are automatically granted an extension of time to file Form 5500-EZ until the extended due date of the Federal income tax return of the employer (and are not required to file Form 5558) if all the following conditions are met: **(1)** the plan year and the employer's tax year are the same, **(2)** the employer has been granted an extension of time to file its Federal income tax return to a date later than the normal due date for filing the Form 5500-EZ, and **(3)** a copy of the application for extension of time to file the Federal income tax return is attached to the Form 5500-EZ. Be sure to check box B at the top of the form. An extension granted by using this exception **cannot** be extended further by filing a Form 5558 after the normal due date (without extension) of Form 5500-EZ.

Short Plan Year

For a short plan year, file a return and all applicable schedules by the last day of the 7th month following the end of the short plan year. Modify the heading of the form to show the beginning and ending dates of your short plan year and check box A(4) for a short plan year. If this is also the first or final return, check the appropriate box (box A(1) or A(3)).

Where To File

File the Form 5500-EZ, with any required schedules, statements, and attachments, at the address indicated below.

By mail:

Address for filing on paper

PWBA
P.O. Box 7042
Lawrence, KS 66044-7042

Address for filing on floppy disc, CD-ROM, or tape

PWBA
P.O. Box 7041
Lawrence, KS 66044-7041

By private delivery service:

Address for filing on paper, floppy disc, CD-ROM, or tape

PWBA / NCS
Attn: EFAST
3833 Greenway Drive
Lawrence, KS 66046-1290

How To File

Paper and Electronic Filing

As described in more detail below, the 2001 forms are available in two computer scannable formats: **machine print** and **hand print** (the questions are the same). Filers can choose a machine print format that is completed by using EFAST approved computer software that produces computer scannable 2-D bar codes on the bottom of each page. Machine print forms can be filed by mail (including certain private delivery services) or filed electronically. Filers can also choose a hand print format that can be completed by hand, typewriter or by using EFAST

